

# PRESS RELEASE



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## Cascades Reports Results for the Third Quarter of 2024

**Kingsey Falls, Québec, November 7, 2024** - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended September 30, 2024.

### Q3 2024 Highlights

- Sales of \$1,201 million (compared with \$1,180 million in Q2 2024 and \$1,198 million in Q3 2023);
- Operating income of \$36 million (compared with \$34 million in Q2 2024 and \$80 million in Q3 2023);
- Net earnings per common share of \$0.01 (compared with \$0.01 in Q2 2024 and \$0.34 in Q3 2023);
- Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)<sup>1</sup>) of \$140 million (compared with \$112 million in Q2 2024 and \$161 million in Q3 2023);
- Adjusted net earnings per common share<sup>1</sup> of \$0.27 (compared with \$0.08 in Q2 2024 and \$0.44 in Q3 2023);
- Net debt<sup>1</sup> of \$2,039 million as of September 30, 2024 (compared with \$2,093 million as of June 30, 2024). Net debt to EBITDA (A) ratio<sup>1</sup> of 4.3x, versus from 4.2x as of June 30, 2024;
- Total capital expenditures, net of disposals, totaled \$34 million in Q3 2024, compared to \$23 million in Q2 2024 and \$56 million in Q3 2023. The Corporation's 2024 capital expenditures will be approximately \$160 million.

Hugues Simon, President and CEO, commented: "We are pleased with our third quarter 2024 performance. Sequentially stronger results were driven by our Containerboard business, where higher average selling prices and lower production expenses offset the impact of higher raw material costs. Specialty Products results were stable, with stronger selling prices fully mitigating raw material cost and sales mix headwinds. As forecasted, third quarter Tissue Papers results were lower than the previous quarter due to higher average raw material costs and lower pricing related to the expected changes in the mix of products sold."

Discussing near-term outlook, Mr. Simon commented, "We expect fourth quarter results in each of our packaging business segments to be stable sequentially, as benefits from lower raw material costs and previously announced selling price increases will be offset by lower seasonal volumes. In Tissue Papers, slightly stronger sequential results are expected to benefit from lower average raw material costs, slightly stronger volumes, and selling price increase tailwinds offset by the impact from seasonal changes in sales mix."

As we look toward the medium and longer-term, we are focused on growing sustainable value for shareholders. Central to this is driving and capturing efficiency across our operational platforms, most notably by the ongoing scale-up of production at our Bear Island facility and ramp-up of our recently installed tissue converting lines. Prioritizing these areas, in conjunction with leveraging additional production capacity in all of our facilities through numerous efficiency optimization initiatives, will drive cash flow generation and debt reduction, both of which are key action areas across the Company. We will be all the more better positioned to deliver on both fronts as we implement the changes announced on October 30, and look forward to sharing details of our areas of strategic focus for the next 18 to 24 months in early 2025."

<sup>1</sup> Some information represents non-IFRS Accounting Standards Financial measures, other financial measures or non-IFRS Accounting Standards ratios which are not standardized under IFRS Accounting Standards and therefore might not be comparable to similar financial measures disclosed by other corporations. Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

## Financial Summary

### Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)

	Q3 2024	Q2 2024	Q3 2023
<b>Sales</b>	<b>1,201</b>	<b>1,180</b>	<b>1,198</b>
<b>As Reported</b>			
Operating income	36	34	80
Net earnings	1	1	34
per common share (basic)	\$0.01	\$0.01	\$0.34
<b>Adjusted<sup>1</sup></b>			
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	140	112	161
Net earnings	27	8	45
per common share (basic)	\$0.27	\$0.08	\$0.44
Margin (EBITDA (A) / Sales)	11.7%	9.5%	13.4%

### Segmented sales

(in millions of Canadian dollars) (unaudited)

	Q3 2024	Q2 2024	Q3 2023
<b>Packaging Products</b>			
Containerboard	610	585	593
Specialty Products	169	167	157
Inter-segment sales	(6)	(7)	(7)
	773	745	743
<b>Tissue Papers</b>	<b>390</b>	<b>397</b>	<b>422</b>
Inter-segment sales, Corporate, Recovery and Recycling activities	38	38	33
<b>Sales</b>	<b>1,201</b>	<b>1,180</b>	<b>1,198</b>

### Segmented operating income (loss)

(in millions of Canadian dollars) (unaudited)

	Q3 2024	Q2 2024	Q3 2023
<b>Packaging Products</b>			
Containerboard	24	15	61
Specialty Products	17	19	13
<b>Tissue Papers</b>	<b>24</b>	<b>38</b>	<b>38</b>
Corporate, Recovery and Recycling activities	(29)	(38)	(32)
<b>Operating income</b>	<b>36</b>	<b>34</b>	<b>80</b>

### Segmented EBITDA (A)<sup>1</sup>

(in millions of Canadian dollars) (unaudited)

	Q3 2024	Q2 2024	Q3 2023
<b>Packaging Products</b>			
Containerboard	90	60	101
Specialty Products	27	26	21
<b>Tissue Papers</b>	<b>43</b>	<b>54</b>	<b>61</b>
Corporate, Recovery and Recycling activities	(20)	(28)	(22)
<b>EBITDA (A)<sup>1</sup></b>	<b>140</b>	<b>112</b>	<b>161</b>

<sup>1</sup> Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

## **Analysis of results for the three-month period ended September 30, 2024 (compared to the same period last year)**

The Corporation's third quarter sales of \$1,201 million increased by \$3 million compared with the same period last year. This was driven by \$24 million of sales mix benefits in Tissue Papers and Containerboard, and \$12 million related to more a favourable foreign exchange. Results also reflected a consolidated \$7 million net benefit from higher selling prices. These were offset by a net negative impact of \$40 million related to lower volumes in Containerboard and Tissue Papers, with the majority of this impact attributable to the changes made within the Tissue Papers operational platform in the past year to improve profitability.

The third quarter EBITDA (A)<sup>1</sup> totaled \$140 million, a decrease of \$21 million, or 13%, from the \$161 million generated in the same period last year. This reflects consolidated net impacts of \$35 million from higher raw material costs and \$5 million related to volume and sales mix changes. These were partly offset by net benefits from higher selling prices and lower operating costs, and lower corporate costs, as expected.

The main specific items, before income taxes, that impacted our third quarter 2024 operating income and/or net earnings were:

- \$7 million of impairment charge on assets related to a decision to discontinue product lines in Canada and in the United States (operating income and net earnings);
- \$29 million of restructuring and other costs related to plant closures in Canada (operating income and net earnings);
- \$2 million unrealized gain on financial instruments (operating income and net earnings);
- \$2 million unrealized loss on interest rate hedge instruments (net earnings);
- \$1 million foreign exchange gain on long-term debt and financial instruments net earnings.

For the three-month period ended September 30, 2024, the Corporation posted net earnings of \$1 million, or \$0.01 per common share, compared to net earnings of \$34 million, or \$0.34 per common share, in the same period of 2023. On an adjusted basis<sup>1</sup>, the Corporation posted net earnings of \$27 million in the third quarter of 2024, or \$0.27 per common share, compared to net earnings of \$45 million, or \$0.44 per common share, in the same period of 2023.

<sup>1</sup> Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

## **Dividend on common shares and normal course issuer bid**

The Board of Directors of Cascades declared a quarterly dividend of \$0.12 per common share to be paid on December 5, 2024 to shareholders of record at the close of business on November 21, 2024. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the third quarter of 2024, Cascades purchased no common shares for cancellation.

## **2024 Third Quarter Results Conference Call Details**

Management will discuss the 2024 third quarter financial results during a conference call today at 9:00 a.m. ET. The call can be accessed by dialing 1-800-990-4777 (international 1-289-819-1299). The conference call, including the investor presentation, will be broadcast live on the Cascades website ([www.cascades.com](http://www.cascades.com)) under the "Investors" section. A replay of the call will be available on the Cascades website and may also be accessed by phone until December 7, 2024 by dialing 1-888-660-6345 (international 1-289-819-1450), access code 18522 #.

*Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs approximately 9,700 women and men across a network of close to 70 facilities in North America. Driven by its participative management, half a century of experience in recycling, and continuous research and development efforts, Cascades continues to provide innovative products that customers have come to rely on, while contributing to the well-being of people, communities and the entire planet. Cascades' shares trade on the Toronto Stock Exchange under the ticker symbol CAS. Certain statements in this release, including statements regarding future results and performance, are forward-looking statements based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Corporation's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors.*

## CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	September 30, 2024	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	34	54
Accounts receivable	495	453
Current income tax assets	8	12
Inventories	643	568
Current portion of financial assets	2	1
	1,182	1,088
<b>Long-term assets</b>		
Investments in associates and joint ventures	99	94
Property, plant and equipment	2,753	2,808
Intangible assets with finite useful life	44	55
Other assets	106	78
Deferred income tax assets	192	167
Goodwill and other intangible assets with indefinite useful life	488	482
	4,864	4,772
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Bank loans and advances	7	—
Trade and other payables	678	703
Current income tax liabilities	4	6
Current portion of Unsecured senior notes of \$175 million to be refinanced	175	—
Current portion of long-term debt	63	67
Current portion of provisions for contingencies and charges	16	14
Current portion of financial liabilities and other liabilities	28	29
	971	819
<b>Long-term liabilities</b>		
Long-term debt	1,828	1,869
Provisions for contingencies and charges	89	61
Financial liabilities	3	5
Other liabilities	94	94
Deferred income tax liabilities	129	143
	3,114	2,991
<b>Equity</b>		
Capital stock	616	613
Contributed surplus	16	15
Retained earnings	1,045	1,096
Accumulated other comprehensive income	31	15
<b>Equity attributable to Shareholders</b>	1,708	1,739
Non-controlling interests	42	42
<b>Total equity</b>	1,750	1,781
	4,864	4,772

## CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2024	2023	2024	2023
<b>Sales</b>	<b>1,201</b>	<b>1,198</b>	<b>3,490</b>	<b>3,500</b>
Supply chain and logistic	736	711	2,126	2,064
Wages and employee benefits expenses	267	266	809	809
Depreciation and amortization	70	69	206	199
Maintenance and repair	58	60	180	178
Other operational costs	—	—	20	13
Impairment charges	7	7	9	161
Other loss (gain)	24	1	27	(1)
Restructuring costs	5	4	38	11
Unrealized loss (gain) on derivative financial instruments	(2)	—	(4)	2
<b>Operating income</b>	<b>36</b>	<b>80</b>	<b>79</b>	<b>64</b>
Financing expense	36	38	108	92
Share of results of associates and joint ventures	(5)	(4)	(14)	(19)
<b>Earnings (loss) before income taxes</b>	<b>5</b>	<b>46</b>	<b>(15)</b>	<b>(9)</b>
<b>Provision for (recovery of) income taxes</b>	<b>(1)</b>	<b>6</b>	<b>(8)</b>	<b>(9)</b>
<b>Net earnings (loss) including non-controlling interests for the period</b>	<b>6</b>	<b>40</b>	<b>(7)</b>	<b>—</b>
<b>Net earnings attributable to non-controlling interests</b>	<b>5</b>	<b>6</b>	<b>11</b>	<b>19</b>
<b>Net earnings (loss) attributable to Shareholders for the period</b>	<b>1</b>	<b>34</b>	<b>(18)</b>	<b>(19)</b>
<b>Net earnings (loss) per common share</b>				
Basic	\$0.01	\$0.34	(\$0.18)	(\$0.19)
Diluted	\$0.01	\$0.34	(\$0.18)	(\$0.19)
<b>Weighted average basic number of common shares outstanding</b>	<b>100,988,040</b>	<b>100,669,311</b>	<b>100,824,800</b>	<b>100,493,892</b>
<b>Weighted average number of diluted common shares</b>	<b>101,042,159</b>	<b>101,163,731</b>	<b>101,042,799</b>	<b>100,910,246</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2024	2023	2024	2023
<b>Net earnings (loss) including non-controlling interests for the period</b>	<b>6</b>	<b>40</b>	<b>(7)</b>	<b>—</b>
<b>Other comprehensive income (loss)</b>				
<b>Items that may be reclassified subsequently to earnings</b>				
<b>Translation adjustments</b>				
Change in foreign currency translation of foreign subsidiaries	(14)	24	24	—
Change in foreign currency translation related to net investment hedging activities	6	(10)	(9)	(1)
<b>Cash flow hedges</b>				
Change in fair value of commodity derivative financial instruments	1	1	1	(4)
<b>Recovery of (provision for) income taxes</b>	<b>(1)</b>	<b>1</b>	<b>1</b>	<b>1</b>
	<b>(8)</b>	<b>16</b>	<b>17</b>	<b>(4)</b>
<b>Items that are not released to earnings</b>				
Actuarial gain (loss) on employee future benefits	(4)	2	7	5
Recovery of (provision for) income taxes	1	—	(2)	(1)
	<b>(3)</b>	<b>2</b>	<b>5</b>	<b>4</b>
<b>Other comprehensive income (loss)</b>	<b>(11)</b>	<b>18</b>	<b>22</b>	<b>—</b>
<b>Comprehensive income (loss) including non-controlling interests for the period</b>	<b>(5)</b>	<b>58</b>	<b>15</b>	<b>—</b>
<b>Comprehensive income attributable to non-controlling interests for the period</b>	<b>5</b>	<b>6</b>	<b>12</b>	<b>19</b>
<b>Comprehensive income (loss) attributable to Shareholders for the period</b>	<b>(10)</b>	<b>52</b>	<b>3</b>	<b>(19)</b>

## CONSOLIDATED STATEMENTS OF EQUITY

For the 9-month period ended September 30, 2024

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
<b>Balance - Beginning of period</b>	<b>613</b>	<b>15</b>	<b>1,096</b>	<b>15</b>	<b>1,739</b>	<b>42</b>	<b>1,781</b>
Comprehensive income (loss)							
Net earnings (loss)	—	—	(18)	—	(18)	11	(7)
Other comprehensive income	—	—	5	16	21	1	22
Dividends	—	—	(13)	16	3	12	15
Stock options expense	—	—	(36)	—	(36)	(12)	(48)
Stock options expense	—	2	—	—	2	—	2
Issuance of common shares upon exercise of stock options	3	(1)	—	—	2	—	2
Acquisition of non-controlling interests	—	—	(2)	—	(2)	—	(2)
<b>Balance - End of period</b>	<b>616</b>	<b>16</b>	<b>1,045</b>	<b>31</b>	<b>1,708</b>	<b>42</b>	<b>1,750</b>

For the 9-month period ended September 30, 2023

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
<b>Balance - Beginning of period</b>	<b>611</b>	<b>14</b>	<b>1,212</b>	<b>34</b>	<b>1,871</b>	<b>57</b>	<b>1,928</b>
Comprehensive income							
Net earnings (loss)	—	—	(19)	—	(19)	19	—
Other comprehensive income (loss)	—	—	4	(4)	—	—	—
Dividends	—	—	(15)	(4)	(19)	19	—
Stock options expense	—	—	(36)	—	(36)	(33)	(69)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	2	—	—	—	2	—	2
Acquisition of non-controlling interests	—	—	1	—	1	(1)	—
<b>Balance - End of period</b>	<b>613</b>	<b>15</b>	<b>1,162</b>	<b>30</b>	<b>1,820</b>	<b>42</b>	<b>1,862</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2024	2023	2024	2023
<b>Operating activities</b>				
Net earnings (loss) attributable to Shareholders for the period	1	34	(18)	(19)
Adjustments for:				
Financing expense	36	38	108	92
Depreciation and amortization	70	69	206	199
Impairment charges	7	7	9	161
Other loss (gain)	24	1	27	(1)
Restructuring costs	5	4	38	11
Unrealized loss (gain) on derivative financial instruments	(2)	—	(4)	2
Provision for (recovery of) income taxes	(1)	6	(8)	(9)
Share of results of associates and joint ventures	(5)	(4)	(14)	(19)
Net earnings attributable to non-controlling interests	5	6	11	19
Net financing expense paid	(48)	(47)	(113)	(109)
Net income taxes paid	(1)	(2)	(4)	(9)
Dividends received	—	—	9	7
Provisions for contingencies and charges and other liabilities	(15)	(12)	(61)	(19)
	76	100	186	306
Changes in non-cash working capital components	26	40	(68)	(36)
	102	140	118	270
<b>Investing activities</b>				
Disposals in associates and joint ventures	—	—	—	10
Payments for property, plant and equipment	(35)	(59)	(116)	(303)
Proceeds from disposals of property, plant and equipment	1	3	18	6
Change in intangible and other assets	—	—	(20)	(1)
	(34)	(56)	(118)	(288)
<b>Financing activities</b>				
Bank loans and advances	4	(5)	7	(3)
Change in credit facilities	(22)	(132)	63	34
Change in credit facilities without recourse to the Corporation	(6)	99	12	99
Payments of other long-term debt, including lease obligations (2024 - \$50 million for the 9-month period (\$15 million for the 3-month period); 2023 - \$44 million for the 9-month period (\$15 million for the 3-month period))	(17)	(26)	(54)	(117)
Issuance of common shares upon exercise of stock options	—	—	2	2
Dividends paid to non-controlling interests	(4)	(24)	(12)	(33)
Acquisition of non-controlling interests	—	—	(3)	(3)
Dividends paid to the Corporation's Shareholders	(12)	(12)	(36)	(36)
	(57)	(100)	(21)	(57)
<b>Net change in cash and cash equivalents during the period</b>	<b>11</b>	<b>(16)</b>	<b>(21)</b>	<b>(75)</b>
<b>Currency translation on cash and cash equivalents</b>	<b>—</b>	<b>1</b>	<b>1</b>	<b>(1)</b>
<b>Cash and cash equivalents - Beginning of the period</b>	<b>23</b>	<b>41</b>	<b>54</b>	<b>102</b>
<b>Cash and cash equivalents - End of the period</b>	<b>34</b>	<b>26</b>	<b>34</b>	<b>26</b>



## SEGMENTED INFORMATION

The Corporation's operations are managed in three segments: Containerboard and Specialty Products (these two segments constitute the Corporation's Packaging Products) and Tissue Papers. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in Note 2.

The Corporation's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Chief Executive Officer has authority for resource allocation and management of the Corporation's performance and is therefore the CODM. The CODM assesses the performance of each reportable segment based on sales and earnings before interest, taxes, depreciation and amortization, adjusted to exclude specific items (EBITDA (A)). The CODM considers EBITDA (A) to be the best performance measure of the Corporation's activities.

Sales for each segment are prepared on the same basis as those of the Corporation. Inter-segment operations are recorded on the same basis as sales to third parties, which are at fair market value.

EBITDA (A) does not have a standardized meaning under IFRS Accounting Standards; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA (A) as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS Accounting Standards measures.

**Sales by country by business segment are shown in the following table:**

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 3-month periods ended September 30,							
	Canada		United States		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Packaging Products</b>								
Containerboard	360	339	250	254	—	—	610	593
Specialty Products	66	60	102	95	1	2	169	157
Inter-segment sales	(4)	(4)	(2)	(3)	—	—	(6)	(7)
	422	395	350	346	1	2	773	743
<b>Tissue Papers</b>	144	148	246	274	—	—	390	422
<b>Inter-segment sales, Corporate, Recovery and Recycling activities</b>	28	24	9	7	1	2	38	33
	594	567	605	627	2	4	1,201	1,198

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 9-month periods ended September 30,							
	Canada		United States		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Packaging Products</b>								
Containerboard	1,028	997	720	718	3	1	1,751	1,716
Specialty Products	192	174	301	304	3	4	496	482
Inter-segment sales	(12)	(12)	(8)	(11)	—	—	(20)	(23)
	1,208	1,159	1,013	1,011	6	5	2,227	2,175
<b>Tissue Papers</b>	412	410	742	815	—	—	1,154	1,225
<b>Inter-segment sales, Corporate, Recovery and Recycling activities</b>	84	72	24	20	1	8	109	100
	1,704	1,641	1,779	1,846	7	13	3,490	3,500

EBITDA (A) by business segment is reconciled to IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

For the 3-month period ended September 30, 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	24	17	24	(29)	36
Depreciation and amortization	38	6	16	10	70
Impairment charges	—	4	3	—	7
Other loss	24	—	—	—	24
Restructuring costs	5	—	—	—	5
Unrealized gain on derivative financial instruments	(1)	—	—	(1)	(2)
<b>EBITDA (A)</b>	<b>90</b>	<b>27</b>	<b>43</b>	<b>(20)</b>	<b>140</b>

For the 3-month period ended September 30, 2023					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	61	13	38	(32)	80
Depreciation and amortization	38	6	15	10	69
Impairment charges	2	—	5	—	7
Other loss	—	1	—	—	1
Restructuring costs	—	1	3	—	4
<b>EBITDA (A)</b>	<b>101</b>	<b>21</b>	<b>61</b>	<b>(22)</b>	<b>161</b>

For the 9-month period ended September 30, 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	32	55	93	(101)	79
Depreciation and amortization	113	18	42	33	206
Impairment charges	2	4	3	—	9
Other loss	27	—	—	—	27
Restructuring costs	27	1	9	1	38
Unrealized gain on derivative financial instruments	(1)	—	—	(3)	(4)
<b>EBITDA (A)</b>	<b>200</b>	<b>78</b>	<b>147</b>	<b>(70)</b>	<b>355</b>

For the 9-month period ended September 30, 2023					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	161	53	(36)	(114)	64
Depreciation and amortization	102	16	50	31	199
Impairment charges	61	1	99	—	161
Other loss (gain)	—	1	(2)	—	(1)
Restructuring costs	—	1	10	—	11
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	3	2
<b>EBITDA (A)</b>	<b>323</b>	<b>72</b>	<b>121</b>	<b>(80)</b>	<b>436</b>

Payments for property, plant and equipment by business segment are shown in the following table:

(in millions of Canadian dollars) (unaudited)	PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT			
	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2024	2023	2024	2023
<b>Packaging Products</b>				
Containerboard	23	29	92	184
Specialty Products	8	8	16	19
	31	37	108	203
<b>Tissue Papers</b>	12	6	32	23
<b>Corporate, Recovery and Recycling activities</b>	10	16	29	29
<b>Total acquisitions</b>	53	59	169	255
Right-of-use assets acquisitions (non-cash)	(19)	(11)	(73)	(26)
	34	48	96	229
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	26	43	45	106
End of the period	(25)	(32)	(25)	(32)
<b>Payments for property, plant and equipment</b>	35	59	116	303
<b>Proceeds from disposals of property, plant and equipment</b>	(1)	(3)	(18)	(6)
<b>Payments for property, plant and equipment net of proceeds from disposals</b>	34	56	98	297

## **SUPPLEMENTAL INFORMATION ON NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES**

### **SPECIFIC ITEMS**

The Corporation incurs some specific items that adversely or positively affect its operating results. We believe it is useful for readers to be aware of these items as they provide additional information to measure performance, compare the Corporation's results between periods, and assess operating results and liquidity, notwithstanding these specific items. Management believes these specific items are not necessarily reflective of the Corporation's underlying business operations in measuring and comparing its performance and analyzing future trends. Our definition of specific items may differ from that of other corporations and some of these items may arise in the future and may reduce the Corporation's available cash.

They include, but are not limited to, charges for (reversals of) impairment of assets, restructuring gains or costs, loss on refinancing and repurchase of long-term debt, some deferred tax asset provisions or reversals, premiums paid on repurchase of long-term debt, gains or losses on the acquisition or sale of a business unit, gains or losses on the share of results of associates and joint ventures, unrealized gains or losses on derivative financial instruments that do not qualify for hedge accounting, unrealized gains or losses on interest rate hedge instruments and option fair value revaluation, foreign exchange gains or losses on long-term debt and financial instruments, fair value revaluation gains or losses on investments, specific items of discontinued operations and other significant items of an unusual, non-cash or non-recurring nature.

### **RECONCILIATION AND USES OF NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES**

To provide more information for evaluating the Corporation's performance, the financial information included in this analysis contains certain data that are not performance measures under IFRS Accounting Standards ("non-IFRS Accounting Standards measures"), which are also calculated on an adjusted basis to exclude specific items. We believe that providing certain key performance and capital measures, as well as non-IFRS Accounting Standards measures, is useful to both Management and investors, as they provide additional information to measure the performance and financial position of the Corporation. This also increases the transparency and clarity of the financial information. The following non-IFRS Accounting Standards measures and other financial measures are used in our financial disclosures:

#### **Non-IFRS Accounting Standards measures**

- Adjusted earnings before interest, taxes, depreciation and amortization or EBITDA (A): represents the operating income (as published in the Consolidated Statement of Earnings (Loss) of the Consolidated Financial Statements) before depreciation and amortization excluding specific items. Measure used to assess recurring operating performance and the contribution of each segment on a comparable basis.
- Adjusted net earnings: Measure used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted cash flow: Measure used to assess the Corporation's capacity to generate cash flows to meet financial obligations and/or discretionary items such as share repurchases, dividend increases and strategic investments.
- Free cash flow: Measure used to calculate the excess cash the Corporation generates by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A).
- Working capital: Measure used to assess the short-term liquidity of the Corporation.

#### **Other financial measures**

- Total debt: Measure used to calculate all the Corporation's debt, including long-term debt and bank loans. Often put in relation to equity to calculate the debt-to-equity ratio.
- Net debt: Measure used to calculate the Corporation's total debt less cash and cash equivalents. Often put in relation to EBITDA (A) to calculate net debt to EBITDA (A) ratio.

#### **Non-IFRS Accounting Standards ratios**

- Net debt to EBITDA (A) ratio: Ratio used to assess the Corporation's ability to pay its debt and evaluate financial leverage.
- EBITDA (A) margin: Ratio used to assess operating performance and the contribution of each segment on a comparable basis calculated as a percentage of sales.
- Adjusted net earnings per common share: Ratio used to assess the Corporation's consolidated financial performance on a comparable basis.
- Ratio of net debt / (total equity and net debt): Ratio used to evaluate the Corporation's financial leverage and the risk to Shareholders.
- Working capital as a percentage of sales: Ratio used to assess the Corporation's operating liquidity performance.
- Adjusted cash flow per common share: Ratio used to assess the Corporation's financial flexibility.

- Free cash flow ratio: Ratio used to measure the liquidity and efficiency of how much more cash the Corporation generates than it uses to run the business by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A) calculated as a percentage of sales.

Non-IFRS Accounting Standards measures and other financial measures are mainly derived from the consolidated financial statements, but do not have meanings prescribed by IFRS Accounting Standards. These measures have limitations as an analytical tool and should not be considered on their own or as a substitute for an analysis of our results as reported under IFRS Accounting Standards. In addition, our definitions of non-IFRS Accounting Standards measures and other financial measures may differ from those of other corporations. Any such modification or reformulation may be significant.

The CODM assesses the performance of each reportable segment based on sales and earnings before interest, taxes, depreciation and amortization, adjusted to exclude specific items (EBITDA (A)<sup>1</sup>). The CODM considers EBITDA (A)<sup>1</sup> to be the best performance measure of the Corporation's activities.

EBITDA (A)<sup>1</sup> by business segment is reconciled to IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

Q3 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	24	17	24	(29)	36
Depreciation and amortization	38	6	16	10	70
Impairment charges	—	4	3	—	7
Other loss	24	—	—	—	24
Restructuring costs	5	—	—	—	5
Unrealized gain on derivative financial instruments	(1)	—	—	(1)	(2)
<b>EBITDA (A)<sup>1</sup></b>	<b>90</b>	<b>27</b>	<b>43</b>	<b>(20)</b>	<b>140</b>

Q2 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	15	19	38	(38)	34
Depreciation and amortization	38	6	13	12	69
Restructuring costs	6	1	3	—	10
Unrealized loss (gain) on derivative financial instruments	1	—	—	(2)	(1)
<b>EBITDA (A)<sup>1</sup></b>	<b>60</b>	<b>26</b>	<b>54</b>	<b>(28)</b>	<b>112</b>

Q3 2023					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
<b>Operating income (loss)</b>	61	13	38	(32)	80
Depreciation and amortization	38	6	15	10	69
Impairment charges	2	—	5	—	7
Other loss	—	1	—	—	1
Restructuring costs	—	1	3	—	4
<b>EBITDA (A)<sup>1</sup></b>	<b>101</b>	<b>21</b>	<b>61</b>	<b>(22)</b>	<b>161</b>

<sup>1</sup> Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

The following table reconciles net earnings and net earnings per common share, as reported, with adjusted net earnings<sup>1</sup> and adjusted net earnings per common share<sup>1</sup>:

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	NET EARNINGS			NET EARNINGS PER COMMON SHARE <sup>2</sup>		
	Q3 2024	Q2 2024	Q3 2023	Q3 2024	Q2 2024	Q3 2023
<b>As reported</b>	<b>1</b>	<b>1</b>	<b>34</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.34</b>
Specific items:						
Impairment charges	7	—	7	\$0.06	—	\$0.05
Other loss	24	—	1	\$0.18	—	—
Restructuring costs	5	10	4	\$0.03	\$0.07	\$0.03
Unrealized gain on derivative financial instruments	(2)	(1)	—	(\$0.01)	(\$0.01)	—
Unrealized loss on interest rate hedge instrument	2	1	—	\$0.01	\$0.01	—
Foreign exchange loss (gain) on long-term debt and financial instruments	(1)	—	2	(\$0.01)	—	\$0.02
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest <sup>2</sup>	(9)	(3)	(3)	—	—	—
	<b>26</b>	<b>7</b>	<b>11</b>	<b>\$0.26</b>	<b>\$0.07</b>	<b>\$0.10</b>
<b>Adjusted<sup>1</sup></b>	<b>27</b>	<b>8</b>	<b>45</b>	<b>\$0.27</b>	<b>\$0.08</b>	<b>\$0.44</b>
<b>Weighted average basic number of common shares outstanding</b>				<b>100,988,040</b>	<b>100,781,388</b>	<b>100,669,311</b>

The following table reconciles cash flow from operating activities with EBITDA (A)<sup>1</sup>:

(in millions of Canadian dollars) (unaudited)	Q3 2024	Q2 2024	Q3 2023
<b>Cash flow from operating activities</b>	<b>102</b>	<b>54</b>	<b>140</b>
Changes in non-cash working capital components	(26)	24	(40)
Net income taxes paid (received)	1	(2)	2
Net financing expense paid	48	18	47
Provisions for contingencies and charges and other liabilities, net of dividends received	15	18	12
<b>EBITDA (A)<sup>1</sup></b>	<b>140</b>	<b>112</b>	<b>161</b>

The following table reconciles cash flow from operating activities with cash flow from operating activities (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities<sup>1</sup>. It also reconciles adjusted cash flow from operating activities<sup>1</sup> to adjusted cash flow generated (used)<sup>1</sup>, which is also calculated on a per common share basis:

(in millions of Canadian dollars, except per common share amounts or otherwise noted) (unaudited)	Q3 2024	Q2 2024	Q3 2023
<b>Cash flow from operating activities</b>	<b>102</b>	<b>54</b>	<b>140</b>
Changes in non-cash working capital components	(26)	24	(40)
<b>Cash flow from operating activities (excluding changes in non-cash working capital components)</b>	<b>76</b>	<b>78</b>	<b>100</b>
Restructuring costs paid	10	17	6
<b>Adjusted cash flow from operating activities<sup>1</sup></b>	<b>86</b>	<b>95</b>	<b>106</b>
Payments for property, plant and equipment	(35)	(40)	(59)
Change in intangible and other assets	—	(20)	—
Lease obligation payments	(15)	(15)	(15)
Proceeds from disposals of property, plant and equipment	1	17	3
	<b>37</b>	<b>37</b>	<b>35</b>
Dividends paid to non-controlling interests	(4)	(5)	(24)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(12)
<b>Adjusted cash flow generated (used)<sup>1</sup></b>	<b>21</b>	<b>20</b>	<b>(1)</b>
<b>Adjusted cash flow generated (used) per common share<sup>1</sup> (in Canadian dollars)</b>	<b>\$0.21</b>	<b>\$0.20</b>	<b>(\$0.01)</b>
<b>Weighted average basic number of common shares outstanding</b>	<b>100,988,040</b>	<b>100,781,388</b>	<b>100,669,311</b>

<sup>1</sup> Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

<sup>2</sup> Specific amounts per common share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per share amounts in line item "Tax effect on specific items, other tax adjustments and attributable to non-controlling interests" only include the effect of tax adjustments.

The following table reconciles total debt<sup>1</sup> and net debt<sup>1</sup> with the ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A))<sup>1</sup>:

(in millions of Canadian dollars) (unaudited)	September 30, 2024	June 30, 2024	September 30, 2023
Long-term debt	1,828	1,878	2,048
Current portion of Unsecured senior notes of \$175 million to be refinanced	175	175	—
Current portion of long-term debt	63	60	66
Bank loans and advances	7	3	—
<b>Total debt<sup>1</sup></b>	<b>2,073</b>	<b>2,116</b>	<b>2,114</b>
Less: Cash and cash equivalents	(34)	(23)	(26)
<b>Net debt<sup>1</sup> as reported</b>	<b>2,039</b>	<b>2,093</b>	<b>2,088</b>
Last twelve months EBITDA (A) <sup>1</sup>	477	498	552
<b>Net debt / EBITDA (A) ratio<sup>1</sup></b>	<b>4.3x</b>	<b>4.2x</b>	<b>3.8x</b>

<sup>1</sup> Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

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